

COASTAL CONSERVANCY

Staff Recommendation
November 9, 2006

SOUTH BAY SALT POND RESTORATION PROJECT

File No. 02-070
Project Manager: Amy Hutzell

RECOMMENDED ACTION: Authorize: 1) disbursement of up to \$2,000,000 of Conservancy funds for technical studies, environmental analysis, data collection and management, project design, public outreach, and project management work to complete the planning for the South Bay Salt Pond Restoration Project and 2) disbursement of up to \$500,000 of these funds in a grant to the Coastal Conservancy Association for science support associated with the South Bay Salt Pond Restoration Project.

LOCATION: San Francisco Bay, south of the San Mateo Bridge, in Alameda, Santa Clara, and San Mateo Counties (see Exhibit 1).

PROGRAM CATEGORY: San Francisco Bay Area Conservancy

EXHIBITS

Exhibit 1: Map of Project Area

Exhibit 2: Map of Phase 1 Activities

Exhibit 3: Project Newsletter

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 *et seq.* of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of up to two million dollars (\$2,000,000) for technical studies, environmental analysis, data collection and management, project design, public outreach, project management, and other work associated with the long-term planning for the South San Francisco Bay Salt Pond Restoration Project. The Executive Officer is further authorized to disburse up to five hundred thousand dollars (\$500,000) of these funds in a grant to the Coastal Conservancy Association to manage science advisory panels that provide technical support to the South Bay Salt Pond Restoration Project, subject to the condition that prior to the disbursement of any of these funds, the Coastal Conservancy Association shall submit for the review and approval of the Executive Officer of the Conservancy a work program and budget, and the names and qualifications of any subcontractors that it intends to employ.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Public Resources Code Sections 31160 *et seq.*, regarding the Conservancy’s mandate to address the resource and recreational goals of San Francisco Bay Area.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The Coastal Conservancy Association is a nonprofit organization existing under Section 501(c)(3) of the U.S. Internal Revenue Code, whose purposes are consistent with Division 21 of the Public Resources Code.”

PROJECT SUMMARY:

This authorization would enable the Conservancy to complete, in 2008, the long-term restoration planning for 15,100 acres of former Cargill salt ponds in South San Francisco Bay. This authorization would specifically provide for: 1) disbursement of Conservancy funds for technical studies, environmental analysis, data collection and management, project design, public outreach, and project management work to complete the South Bay Salt Pond Restoration Project’s long-term planning effort in early 2008, and 2) disbursement of a portion of these funds to the Coastal Conservancy Association (“CCA”), which will enable CCA, serving in its role as a supporting non-profit to the Conservancy, to continue to participate in scientific activities for the South Bay Salt Pond Restoration Project through completion of the long-term plan in early 2008.

South Bay Salt Pond Restoration Project Update

The Conservancy is working in cooperation with the California Department of Fish and Game (DFG) and U.S. Fish and Wildlife Service (FWS), the landowners, and with the Santa Clara Valley Water District and Alameda County Flood Control and Water Conservation District, the local flood control districts, and the Resources Legacy Fund, a nonprofit organization that is managing the private foundation funds contributed to the restoration planning by the Hewlett, Packard, and Moore Foundations, to develop a habitat restoration, flood management, and public access plan for the former commercial salt ponds acquired in 2003. The five-year planning stage began with the acquisition and involves data collection, technical studies, alternatives formulation, environmental analysis, and extensive public input. Technical consultants and scientists from nongovernmental organizations, universities, and public agencies are assisting with the planning effort, and numerous stakeholders representing a variety of interests are providing feedback throughout the planning process.

The South Bay Salt Pond Restoration Project will release a Draft Environmental Impact Report/Study (“EIR/S”) to the public in January of 2007 that includes programmatic restoration, public access, and flood management alternatives as well as Phase 1 activities (see Exhibit 2). The planning process includes initial design and permits for the first of several phases of implementation. Senator Feinstein and the participating private foundations have stressed the importance of implementing restoration of the salt ponds at the earliest possible date and have

indicated that implementation of Phase 1 should begin in 2008. The planning process is on target to meet this schedule.

Significant progress has been made to date on the Salt Pond Restoration Project. The work underway includes:

- **Alternative Development and Analysis:** A technical consultant team is entering year four of a five-year process for developing the restoration alternatives and completing environmental review. To date, the consultants, through the public collaborative process, have detailed project objectives and evaluation criteria, completed various technical reports, developed programmatic alternatives and Phase 1 activities, and begun the EIR/S process. The Draft EIR/S will be release in January of 2007 to the public, with the Final EIR/S to be released in the summer of 2007.
- **Interdisciplinary Monitoring:** The U.S. Geological Survey (“USGS”) is entering the fourth year of a multi-year monitoring effort in the South Bay. All of the ponds are being monitored for birds, fish, and invertebrates, and water quality. Neighboring sloughs are being monitored for fish and invertebrates and water quality. USGS has collected bathymetric data for the majority of the salt ponds and worked with consultants to conduct an air-based topographic survey of the uplands, mudflats, levees, and dry salt ponds, and a bathymetric survey of the South Bay including several slough channels. USGS has combined all of these data into a single Digital Terrain Model, a detailed electronic map of the South Bay. Use of the data to analyze long-term sediment trends is ongoing. The biologic, hydrologic, sediment, and water quality data collected and analyzed by USGS are critical to better understand the current ecology of the ponds and Bay and to design restoration alternatives.
- **Scientific Oversight:** A National Science Panel and a local Science Team have provided advice, recommendations, and review. The local Science Team has synthesized existing information on key science issues, convened numerous technical workshops on those key issues, and is currently focused on completion of the Adaptive Management Plan, which will be included in the EIR/S.
- **Data Management:** Data collected as part of the project is being stored in a Geographic Information System (“GIS”) for ease of use by managers, scientists, and technical consultants. A portion of the data has been made easily available to the public in an interactive map on the project website, www.southbayrestoration.org.
- **Public Involvement and Outreach:** The Center for Collaborative Policy manages a number of public involvement and outreach activities. The Stakeholder Forum, a 30-member group convened to provide publicly-derived feedback to the project, has met approximately three times per year since late 2003. In addition, Local Government Forums are held once to twice per year for local government staff and elected officials. Three major media events have been organized, the latest featured Senator Dianne Feinstein and celebrated the opening of three salt ponds to tidal action. The project web site provides up-to-date project information. Quarterly electronic newsletters are distributed to approximately 1,800 individuals (see Exhibit 3), and two brochures, a magazine insert, and a 6-minute video have been produced.

Coastal Conservancy Association

CCA will continue to engage scientists to participate in the Science Team of the South Bay Salt Pond Restoration Project. In February of 2003, the Conservancy authorized funds for CCA to establish the National Science Panel and Science Team and to conduct public outreach related to the South Bay Salt Pond Restoration Project. In March of 2004, the Conservancy authorized additional funds to CCA to allow for continued work on the science support tasks. This current authorization will allow CCA to continue to manage the science support activities in coordination with the Conservancy, California Department of Fish and Game (DFG), and U.S. Fish and Wildlife Service (FWS) through the completion of the long-term restoration plan in early 2008. The primary activity will be the continued work of the Lead Scientist and Science Team on the Adaptive Management Plan.

The Science Team consists of recognized local experts on wetland restoration, hydrology, geomorphology, water quality, fish and wildlife, flood management and engineering, public access, and introduced species in the San Francisco Bay. The fifteen members of the Science Team work in the San Francisco Bay Area in academia, in private consulting, and with public agencies. The Science Team is coordinated by the Lead Scientist, Lynne Trulio of San Jose State University. The Science Team meets monthly to quarterly to provide oversight for the restoration effort, reviews work products by the technical consultants working on the project, and produces reports and papers on scientific and technical issues pertaining to the restoration project. The Science Team has produced Science Syntheses on critical issues affecting the restoration project, including sediment management, invasive species, pollutants, migratory birds, hydrological modifications, tidal marsh ecosystems, public access, and infrastructure. The Science Team's current focus is the development of the Adaptive Management Plan, a critical component of the Draft EIR/EIS, scheduled to be released to the public in January of 2007.

The continued efforts of the Science Team will help ensure that the South Bay Salt Pond restoration plan has a robust adaptive management component that will raise the chances of successfully meeting the project objectives to: 1) restore habitat for endangered species, migratory birds, and native wildlife, 2) provide for flood management, and 3) enhance public access. CCA has been successfully managing the scientific oversight for the South Bay Salt Pond Restoration Project since the board authorized initial funding for CCA in February of 2003.

Site Description: The entire South Bay salt pond complex is spread over an area of approximately 26,000 acres. Salt ponds surround nearly the entire San Francisco Bay south of the San Mateo Bridge (Exhibit 1), on lands that were formerly tidal marsh. An estimated 85 percent of the historic tidal marshes in the San Francisco Bay-Delta Estuary have been filled or significantly altered over the past two centuries for urban development, agriculture, and salt production. Although dramatically different than 150 years ago, the South Bay's wetland habitats, including the salt ponds, tidal marshes, sloughs, mudflats, and open bay, are used by large populations of waterfowl and shorebirds, by harbor seals, and by a number of threatened and endangered species, including the California clapper rail, California black rail, California brown pelican, California least tern, western snowy plover, salt marsh harvest mouse, and steelhead trout.

Project History: In October of 2000, Cargill Salt proposed to consolidate its operations and sell lands and salt production rights on 61 percent of its South Bay operation area. Negotiations headed by Senator Dianne Feinstein led to the acquisition in March of 2003 of 16,500 acres of salt ponds and adjacent habitats (15,100 acres in the South Bay and 1,400 acres along the Napa River) for \$100 million, funded with \$72 million from the Wildlife Conservation Board

("WCB"), \$8 million from FWS, and \$20 million from the Goldman Fund, Hewlett Foundation, Moore Foundation, and Packard Foundation.

The Conservancy, FWS, and DFG are charged with developing a long-term restoration, flood management, and public access plan that is scientifically sound, publicly supported, and that can begin to be implemented by 2008. In August 2002, January and October 2003, and September 2005, the Conservancy authorized a total of \$4.7 million of Conservancy funds for the South Bay Salt Pond Restoration Project. In addition, in December of 2003 and in March and December of 2004, the Conservancy authorized the disbursement of a total of \$5.4 million of WCB funds that had been granted to the Conservancy. These state funds are being matched with nearly \$6 million from the Hewlett, Packard, and Moore Foundations, through the Resources Legacy Fund, as well as other matching funds and in-kind services being contributed by the Santa Clara Valley Water District, Alameda County Flood Control District, and the U.S. Fish and Wildlife Service. The total budget for the long-term restoration planning is approximately \$19 million. The planning will be completed by early 2008 and implementation of Phase 1 activities is slated to begin in 2008.

PROJECT FINANCING:

Coastal Conservancy (<i>this authorization</i>)	2,000,000
Coastal Conservancy (<i>previous authorizations</i>)	4,700,000
Wildlife Conservation Board grant to Conservancy	5,400,000
Resources Legacy Fund	5,898,600
Funding from Hewlett, Packard, and Moore Foundations	
Santa Clara Valley Water District	500,000
Alameda County Flood Control District	200,000
U.S. Fish and Wildlife Service	<u>150,000</u>
Total Project Cost	\$18,848,600

It is anticipated that the Conservancy's funding will come from the Conservancy's FY 05-06 budget appropriation for the San Francisco Bay Area Conservancy Program from the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund (Proposition 40). These funds can be used for acquisition, development, restoration and protection of land and water resources pursuant to Chapter 4.5 of Division 21 of the Public Resources Code.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31163, to address resource goals in the San Francisco Bay Area.

The South Bay salt ponds are part of the San Francisco Bay estuary and watershed within the nine-county Bay Area as required under Section 31162 of the Public Resources Code, which authorizes the Conservancy to undertake projects and award grants in the nine-county San Francisco Bay Area.

Under Section 31162(a), the Conservancy may undertake projects to improve public access to and around the Bay, without having a significant adverse impact on environmentally sensitive areas and

wildlife, such as wetlands, through completion of regional trails, local trails connecting to population centers and public facilities and which are part of a regional trail system, and through the provision of related facilities. The restoration planning effort will include plans for public access, completion of segments of Bay Trail and connecting trails, and other recreational components.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional significance. The restoration of the South Bay salt ponds would restore and enhance nearly 16,000 acres of wetlands, and would be a habitat restoration project of regional and national significance.

Consistent with Section 31163(c), the South Bay salt pond restoration project would implement the policies and programs of the *San Francisco Bay Plan*, as described in the “Consistency with the San Francisco Bay Plan” section of this staff recommendation.

Under Section 31162(d), the Conservancy may act to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes. The South Bay salt ponds will provide an important open space resource for recreational purposes.

Consistent with Section 31163(c), restoration of the South Bay salt ponds meets the following criteria: (1) is supported by adopted regional plans (*San Francisco Bay Plan*, *San Francisco Baylands Ecosystem Habitat Goals Report*, and the *Water Quality Control Plan* for the San Francisco Bay Basin), (2) is multijurisdictional (spanning three counties) and serves a regional constituency (the restoration project is of national significance and will provide a regional recreational resource), (3) can be implemented in a timely way (restoration planning is expected to be completed by 2008, at which point restoration will begin and will be implemented in a phased manner), (4) provides opportunities for benefits that could be lost if the project is not quickly implemented (long-term restoration planning must be carried out now in order to leverage the private foundation funds and achieve wetland habitat goals in a timely manner) and (5) includes matching funds (described under Project Financing).

The project is also consistent with Sections 31163(a) and (c), directing the Conservancy to participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area to implement long-term resources and outdoor recreational goals.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 10 Objective B, Goal 11 Objective A, and Goal 11 Objective B** of the Conservancy's Strategic Plan, the proposed project would help the Conservancy develop plans for approximately 15,000 acres of wetlands in the Bay, increase the amount of land accessible to the public and provide recreational facilities, and complete segments of the San Francisco Bay Trail, respectively.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** This project is supported by Senator Dianne Feinstein, the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, the David and Lucile Packard Foundation, Resources Legacy Fund, the California Resources Agency, California Department of Fish and Game, U.S. Fish and Wildlife Service, Santa Clara Valley Water District, Alameda County Flood Control District, the San Francisco Bay Joint Venture, Save The Bay, The Bay Institute, The Bay Trail, National Audubon Society, Citizen's Committee to Complete the Refuge, Cargill, and many other agencies, organizations, and individuals.
4. **Location:** The South Bay salt ponds are in the nine-county San Francisco Bay Area consistent with Section 31162 of the Public Resources Code.
5. **Need:** Approximately 85 percent of the tidal marsh in San Francisco Bay has been lost since the Gold Rush, leading to dramatic losses of fish and wildlife, decreased water quality and increased turbidity in the Bay, and changes to physical processes as the size of the Estuary shrank, increasing the need for dredging and the local hazards of flooding. The need for restoration of tidal marsh in San Francisco Bay in order to aid in the recovery of at-risk species, and improve water quality and the physical health of the Bay, is well recognized among scientists and resource managers.
6. **Greater-than-local interest:** Restoration of this area is of national significance and will result in the largest tidal wetland restoration project on the west coast of the United States. When combined with other restoration projects underway in San Francisco Bay, including Napa-Sonoma Marsh, Hamilton/Bel Marin Keys, Bair Island, Eden Landing, and Sonoma Baylands, the project is on scale with other national restoration efforts, such as the Everglades and Chesapeake Bay. Restoration of the South Bay salt ponds to a mix of tidal marsh and managed ponds will provide benefits to a large number of species, including migratory waterfowl and shorebirds, and aid in the recovery of several threatened or endangered species, including the California clapper rail and salt marsh harvest mouse.

Additional Criteria

7. **Urgency:** The acquisition of the South Bay Salt Ponds closed in March of 2003 and there is a strong desire among the foundations, agencies, and by Senator Feinstein for restoration planning to be completed within five years of the date of acquisition. The proposed authorization is intended to meet that goal.
8. **Resolution of more than one issue:** The restoration of the South Bay salt ponds will provide for habitat restoration for fish and wildlife, improved water quality and flood control, and enhanced recreational opportunities.
9. **Leverage:** See the "Project Financing" section above.
10. **Innovation:** Restoration of the South Bay salt ponds will be a national model for how to coordinate a scientifically sound, publicly-supported, multi-objective, multi-agency project,

on scale with the Everglades and Chesapeake Bay. The Conservancy is drawing upon its experience with Napa Marsh, Hamilton/Bel Marin Keys, and other restoration projects in San Francisco Bay and along the California Coast, and is learning from other efforts around the nation.

11. **Realization of prior Conservancy goals:** This project builds on the Conservancy's participation in the development of the *San Francisco Baylands Habitat Goals Report*, which has goals, objectives, and recommendations for restoration in San Francisco, and the Conservancy's participation in wetland acquisition and restoration projects in San Francisco Bay, including Napa Marsh, Bair Island, and Hamilton/Bel Marin Keys. This authorization builds upon previous authorizations by the Conservancy on August 2002, January, October, and December 2003, March and December 2004, and September 2005 to disburse a total of up to \$4,700,000 of Conservancy and \$5,400,000 of Wildlife Conservation Board grant funds towards the South Bay Salt Pond Restoration Project.
12. **Cooperation:** The Conservancy is facilitating the long-term restoration planning, working closely with DFG and FWS. The Conservancy, WCB, private foundations, local flood districts, and FWS are cooperatively funding the restoration planning. In addition, over 50 entities have been identified as stakeholders in this restoration project, including local, state, and federal agencies, nongovernmental organizations, special districts, utilities, and the general public.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

The South Bay salt ponds are within the permit jurisdiction of the San Francisco Bay Conservation and Development Commission ("BCDC"). The proposed project is considered project planning and exempt from permit requirements.

The project is consistent with the following policies of BCDC's San Francisco Bay Plan:

Part III: The Bay as a Resource

Water Quality

- To the greatest extent feasible, the Bay marshes, mudflats, and water surface area and volume should be maintained and, whenever possible, increased.

Water Surface Area and Volume

- Water circulation in the Bay should be maintained, and improved as much as possible.

Marshes and Mudflats

- To offset possible additional losses of marshes due to necessary filling and to augment the present marshes: (a) former marshes should be restored when possible through removal of existing dikes; (b) in areas selected on the basis of competent ecological study, some new marshes should be created through carefully placed lifts of dredged spoils; and (c) the quality of existing marshes should be improved by appropriate measures whenever possible.

Part IV: Development of the Bay and Shoreline

Public Access

- In addition to the public access to the Bay provided by waterfront parks, beaches, marinas, and fishing piers, maximum feasible access to and along the waterfront and on any permitted fills should be provided in and through every new development in the Bay or on the shoreline, whether it be for housing, industry, port, airport, public facility, wildlife area, or other use, except in cases where public access would be clearly inconsistent with the project

because of public safety considerations or significant use conflicts, including unavoidable, significant adverse effects on Bay natural resources. In these cases, in lieu access at another location preferably near the project should be provided.

- Public access to some natural areas should be provided to permit study and enjoyment of these areas. However, some wildlife are sensitive to human intrusion. For this reason, projects in such areas should be carefully evaluated in consultation with appropriate agencies to determine the appropriate location and type of access to be provided.

Salt Ponds and Other Managed Wetlands Around the Bay

- As long as is economically feasible, the salt ponds should be maintained in salt production and the wetlands should be maintained in their present use. Property tax policy should assure that rising property taxes do not force conversion of the ponds and other wetlands to urban development. In addition, the integrity of the salt production system should be respected (i.e., public agencies should not take for other projects any pond or portion of a pond that is a vital part of the production system).
- If, despite these provisions, the owner of the salt ponds or the owner of any managed wetland desires to withdraw any of the ponds or marshes from their present uses, the public should make every effort to buy these lands, breach the existing dikes, and reopen these areas to the Bay. This type of purchase should have a high priority for any public funds available, because opening ponds and managed wetlands to the Bay represents man's last substantial opportunity to enlarge the Bay rather than shrink it. (In some cases, if salt ponds are opened to the Bay, new dikes will have to be built on the landward side of the ponds to provide the flood protection now being provided by the salt pond dikes.)

COMPLIANCE WITH CEQA:

As a feasibility and planning activity, under 14 California Code of Regulations Section 15262, this project is categorically exempt from CEQA review. Similarly, 14 Cal. Code of Regulations Section 15306 exempts basic data collection, research, and resource-evaluation activities which do not result in a serious or major disturbance to an environmental resource.